

DEPARTMENT OF
ECONOMICS AND SOCIOLOGY

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**Industrial
Insurance.**

It is estimated that there are in the United States one thousand million dollars' worth of "industrial" insurance policies outstanding to-day in amounts of a few hundred dollars at most, all paid for in weekly sums averaging nine or ten cents each. This means that the poorer classes, largely in our cities, are paying out annually about forty million dollars, probably for the most part in order that they may have at death what they consider a decent funeral, and perhaps something over to pay the doctor's bills. Provision for the family after the death, or in the old age, of the bread-winner may sometimes be in mind, but certainly not as a rule, for the policies taken average \$112, an amount which, even if it were not intended specifically for that purpose, would scarcely cover more than the death expenses of the insured. Two objections are offered to industrial insurance: first, that it seems unduly expensive in ratio to the benefit received; second, that it tends to facilitate among those who can not afford it extravagant display at funerals. The latter consideration is, in our opinion, not one essentially inseparable from the sys-

tem of industrial insurance. Whether the poor are to have expensive or modest burials is perhaps primarily an educational problem. The vital question is the high cost of this insurance. Is such a form of saving, whether for expenses at death or not, an economical investment for those who are too poor to employ the ordinary methods of savings banks, building loan associations, "old line" insurance, and the like? Is the benefit commensurate with the premiums? Economical or dear, wise or unwise, industrial insurance has become a tremendous fact in the life of the working classes. And it evidently meets a very real want, or the business would not have reached the volume it has in the space of twenty years, and among a class to which saving of any sort is unusual.

In view of the general interest in this question at the present time, we present in this number a study, by Mr. Haley Fiske, of the system in its bearing on the welfare of the poor. Mr. Fiske is the Vice-President of the Metropolitan Life Insurance Company, which is considerably the largest of the three companies among which the

bulk of the industrial business of the United States is divided. His position therefore entitles him to speak with peculiar authority, and his paper is worthy of the most careful study. In view of his intimate knowledge of the subject we may accept Mr. Fiske's facts and statistics as accurate. The deductions which he makes from those facts and figures are of course in favor of the system.

Having approached the subject from the standpoint of the insurance corporations, so as to have clearly stated from the side of those who are in position to know it best exactly what industrial insurance is, we now invite a general discussion of the question, *pro or con*. The pages of the REVIEW are open to several brief, pointed papers, especially from those who have come into actual contact with the system in work among the poor. Facts should be clearly stated, and *capable of verification*. To be published in the April number, copy must reach us before March 15.

Studies in Questions Concerning the Poor. Mr. Fiske's paper is the first of a special series of social studies which will be presented during the year. It is the purpose of the REVIEW to make each paper of the series a comprehensive treatment, by a specialist in that field, of some subject of importance to those who are interested in the betterment of social conditions among the poor. We cordially invite suggestions as to what particular topics it will be most helpful to take up. The next study

in the series will be on the cultivation of vacant lots in cities.

Among other subjects under consideration are the relation of the charity organization society to the community and to other charitable agencies; inter-municipal labor bureaus; efforts to suppress street begging, and their results; methods of regulating the transportation of the poor. We are able, further, to promise a study of some prominent charitable and correctional institutions of Europe, the material for which will be collected during the coming summer. We hope also to present the results of a critical investigation of the Elberfeld system, to be made in person by one of the editors of the REVIEW, with reference to its possible adaptation to conditions in this country.

Notes and Queries. While speaking about the program for the year, it may be added that if there seems to be any demand for it, the REVIEW will be glad to open a department for the discussion of concrete problems met by workers in any field of charitable or correctional effort. If our readers find at any time a practical question on which they would like the opinion or experience of others, we are willing that the question should be sent to us. Wherever a trustworthy answer can be given we shall give it. Whenever in our judgment a question can not be definitely decided we shall not hesitate to say so. On the other hand, some interesting problems may have come up and been successfully

solved by new methods of local origin. Such experiences may be helpful to other communities working along similar lines. Let us hear about them, briefly.

The National Conference. The Twenty-fifth National Conference of Charities and Correction will be held in New York city, commencing on Wednesday, May 18, and continuing one week. It will be presided over by the Hon. William R. Stewart, president of the New York State Board of Charities. The first meeting of the Conference was held in New York twenty-five years ago; now, greatly increased in membership and influence, it returns to celebrate its quarter centennial. Sessions will be held twice daily in the assembly hall of the Young Men's Christian Association, corner of Twenty-third street and Fourth avenue. On Sunday there will be no meeting except in the evening, when the annual conference sermon will be preached at Grace church, by the Rev. William R. Huntington, D. D. New York city is a great laboratory of charitable work. Its hundreds of institutions and societies illustrate every phase of charitable, philanthropic, and reformatory effort. In order to afford opportunity for the study of those institutions in which members of the conference are especially interested, the afternoons will be left entirely free; the sessions will be held morning and evening, and every facility will be afforded for such study. The local arrangements are

in the hands of a committee of one hundred representative citizens, with the Hon. Joseph H. Choate as chairman, and Mr. Walter S. Ufford as secretary. The committee may be relied upon to do its share toward making the meeting worthy of the quarter centennial occasion, and worthy of New York city. To this conference are invited all who have an active interest in practical philanthropic work. It is requested that delegates be appointed by governors of states, mayors, and county authorities; also by all institutions and societies engaged in charitable, philanthropic, reformatory, or correctional work. The full program will be published in the April number of the REVIEW. It promises to be rich, not only in instruction, but in material for discussion.

Medical Charities.

One of the sections of the conference will discuss the abuses of medical charities. The chairman of this section, Dr. Stephen Smith, writes for us in this number a paper on medical charities, which is intended to serve to some extent as an introduction to the subject as it will be treated at the conference. Dr. Smith has been intimately connected with the charitable institutions of New York city and state for many years, serving prominently on the State Board of Charities, the State Commission in Lunacy, and during the latter part of Mayor Strong's administration as president of the Department of Public Charities of New York city. His experi-

ence is therefore of the widest possible range. The present month (March) finds the state in the midst of a momentous discussion of the dispensary system. Dr. Smith's paper will therefore be read with peculiar interest at this time. What he says, while it is said briefly, represents the mature convictions of a life-time spent in daily touch with the facts of which he speaks. There are few paragraphs in his paper which will not justify careful rereading and reflection.

Legal Aid Society.

We have been much interested in the work of the Legal Aid Society of New York city during the past year. It has a field peculiarly its own, in which it is a pioneer, and yet which presents direct possibilities of promoting good citizenship and faith in our institutions, especially among our immigrant population, such as are offered in scarcely any other way. Its work is to see that the poor get justice, that their rights are respected, that their legal wrongs are fairly presented in the courts—and all this without destroying their sense of independence. It has been our purpose to give a sketch of this work from such data as we ourselves could gather. We are fortunately anticipated in this by the Hon. Frederick W. Holls, who prepared for a recent banquet of the society an address which contains exactly the matter we wished to present. Mr. Holls' intimate knowledge of the society's history and his sympathy with its efforts make him an ideal exponent

of the subject. We have, therefore, asked him to permit the publication of his address in this number of the REVIEW, with such amplifications as seemed desirable to make the history of the work clear to the general reader. The after-dinner form in which it appears detracts in no way from the value of the facts presented,—on the contrary it affords us a rare glimpse of the spirit in which the work of the society is conducted. We trust that the publication of this address will meet the attention of members of the bar in other cities, and perhaps encourage them to similar efforts for their own communities.

Lodging of Homeless Men. It is a comfort to one who is stopped on the streets of New York on a cold winter night by a man who wants a night's lodging to know that there is now a suitable place where he can be sent to be properly cared for by the city. The paper in this number describing the present system is written by Mr. Homer Folks, who has been closely connected with its development in his position as secretary of the committee through whose efforts principally the city was led to open its "lodging-house for homeless men." The system as it stands is of course not perfect. It is possible that men going to the Lodging-House are not treated with the consideration sometimes due them, though this has not, to our knowledge, been satisfactorily proved in any case, but on the whole the results are all that Mr. Folks claims for them, and New

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York has no cause to be ashamed of its provision for this class of dependents.

"*Destitute Mothers' Bill.*" The July (1897) number of the REVIEW gave an account of two bills introduced in the New York Legislature of 1897 near the close of the session, which passed both houses, but failed to receive executive approval. Both bills are now pending in the legislature of 1898. One of these, called by its author the "Destitute Mothers' bill," but alluded to by its opponents as the "Shiftless Fathers' bill," provides that any child who may be committed to an institution in the city of New York may be returned, by the Society for the Prevention of Cruelty to Children, to its parents, whereupon the comptroller of the city is authorized to pay such society, to be handed over to the parents of the child, the same amount of money per week as the city had been paying the institution. This would be in most cases two dollars per week.

The bill was introduced on the opening day of the session and was referred to the Senate Committee on Cities. Numerous applications were at once made for a hearing upon the bill. Probably there has never before been an occasion on which the forces that stand for progressive charity were so united, so well organized and so effective as at this hearing.

The objections offered to the bill may be grouped under two general heads: First, it would establish a particularly dangerous and objectionable form of public outdoor relief, and would thus tend to promote

pauperism, and fasten upon New York city a permanent burden of degenerate, parasitic families. Second, it places in the hands of private societies powers that should be exercised only by public officers. This objection has special force in view of a provision of the bill allowing the Society for Prevention of Cruelty to Children to summarily return children at any time during their minority from their parents to institutions. This the opponents of the bill characterized as nothing less than legalized kidnapping. The Senate Committee has taken no action on the bill, although it has been before them since the opening of the session, and there is reason for believing the measure will make no progress.

Regulating Placing-Out. The other bill is one intended to give the State Board of Charities general control over all societies, institutions, officials and individuals engaged in the work of placing children in families. The proposition grew out of an investigation made by the State Board of Charities into the work of various placing-out enterprises, and particularly the New York branch of the National Children's Home Society. The text of the recently issued Report of the New York State Board of Charities quotes at length (twenty pages) from the testimony of the State Superintendent of this society, and clearly convicts him of irregular and demoralizing practices. It is for the correction of these abuses that the

State Board seeks additional power. The bill, as introduced on the 15th of February, is somewhat less sweeping than the bill passed last year.

It requires children to be placed in homes of the same religious faith as that of their parents, *when practicable*—in last year's bill the requirement was absolute. In several other particulars the phraseology of the bill has been somewhat altered, making clear the intent of its framers that it is designed to correct evils and abuses. In effect, however, it still provides that the State Board of Charities shall have power to make rules and regulations concerning the placing-out of children by all officials, individuals, societies, and institutions, and that any violation of such rules shall be a misdemeanor. At this date, February 21, no opposition has developed.

Destitute Children in Indiana. The Indiana Bulletin of Charities and Correction (December, 1897) gives an interesting account of the first seven months' operations of the new law, concerning the care of destitute children in that state. Indiana has a system of County Homes for Destitute Children. Under a law enacted early in 1897, the State Board of Charities was authorized to appoint an agent to inspect such Homes; to find permanent homes in families for such of their inmates as can be placed out, and in general to maintain an inspection and supervision over the work of County Authorities in behalf of destitute children.

Co-operation in Home-Finding. It is to be noted that the appointment of this state agent does not in any way interfere with or supersede the work of the county authorities in providing homes for their children.

In fact, the same number of the bulletin proposes an interchange of applications between the various counties, through the office of the State Board of Charities. The advantages of this "co-operation in home-finding" are evident. Every family desiring to receive a child into its care has in mind a child of certain age, and with certain characteristics. Under the proposed plan, if there be such a child in any county home in the state, it is at once brought to the notice of the applicant. Heretofore his choice has been limited to the children in the particular home to which the first application was made.

Exclusion of Children from Poor-houses. The law of 1897 also forbade the retention of children between the ages of three and seventeen years in poorhouses for a longer period than ten days. Nearly half the counties of the state maintained some or all of their dependent children in the poorhouses at the date of the enactment of the law. A large proportion of them are now making, or are preparing to make, provision for the children elsewhere, either by establishing county homes, by co-operating with other counties, or by placing the children, so far as possible, in families through the State Board of Charities.

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**Church Dis-
tricts in
Charity Work.** In 1895 the Charity Organization Society of Buffalo divided the city, with special reference to the location of churches and relieving agencies, into 195 districts, with the purpose, so far as possible, of having each district taken in charge by some church, for the relief of need and the promotion of uplifting influences, through that church, in the chosen district. A church was not asked to interrupt any spiritual relations which it might have with persons in other districts, or to withhold relief from such persons, but it was expected to become responsible for the relief of the needy in its own district when not under the special care of, or when knowingly neglected by others, and to assume a special responsibility for the moral elevation of the district by promoting uplifting agencies. It was frankly acknowledged at the outset that there would be difficulties in the execution of such a plan, but it was deemed well worth a trial.

**The Plan
In
Operation.** The results of a year's experience with the plan have just been published.

Seventy-four churches or societies are now in charge of districts, covering about one-half the city's area. Of the total number of families, 4721, with which the Charity Organization Society came in contact during the year, the majority were provided for through the regular channels and without reference to the district plan. About two hundred others were referred to churches, fifty-

three in number, which co-operate to some extent with the society but have not taken districts. A considerably larger number, but still a small proportion of the needy families, were referred to the district churches and societies. The detailed statements of the report show that of the seventy-four churches and societies actually working under the plan, twenty-two had no cases referred to them, chiefly because there was no destitution ascertained in their districts, or because such as there were, were in the care of other churches. Of the number remaining, ten had only one case each, about half had not over three cases each, while one had as many as fifty.

"Of the families actually referred under our plan," the report says, "there is reason to believe that a very large proportion has been judiciously assisted, not merely with alms, but with friendship. In some instances, however, churches charged with the care of districts have been culpably negligent in their co-operation, while in some others there have been evidences of unwise-dom and of ignorance as to practical methods, which it is hoped may be corrected in time." A series of district conferences were held last year, and another series is now being held, with plain talks on fundamental principles and reports of work done, to quicken interest and increase efficiency of the district workers. Twelve of the co-operating churches have opened special quarters for the more effective prosecution of religious and neighborhood-improvement

work. A score of the churches report really uplifting agencies as a part of their activity. The report of the society concludes with the statement that the record of the past year is, in the main, satisfactory, but that there is need of further persistent effort on the part of those who have the promotion of the plan in charge, especially in the line of economic training of the district workers.

Possible Criticism. The Buffalo plan merits the careful consideration of workers in the field of organized charity everywhere. It is based in part on the christian idea that our churches should welcome the privilege of caring for the truly needy who belong to them. But the use of the loaves and fishes has often been misunderstood, and there may be danger of a return to pauperizing methods in using churches as relieving agencies for persons who are strangers to them. It is scarcely time yet to determine the actual worth of the plan. It can not but have a strong influence in awaking and stimulating neighborhood improvement. Most of its weak points, which are to be carefully guarded against, are frankly indicated in the report of the year's experience. When our charity organization societies assure the public that they will endeavor to see that cases of need referred to them are promptly and adequately aided, they must feel sure that the relief agencies which assume the responsibility for these cases will

act promptly and, where necessary, give adequately. And as the object of organized charity is to reduce poverty and to prevent pauperism, a charity organization society can not with an easy mind turn families entirely over for continuous care to workers who are not reasonably familiar with the society's aims and methods, or who neglect to keep in sympathetic touch with it. According to the Buffalo plan, a church accepting a district does not necessarily agree to follow the methods in use by the charity organization society. But it is for this very purpose that the society exists, to promote in its community the use of truly sensible and kindly methods of dealing with need and the needy. It is not enough for it to see that relief is given where needed, but rather it must see that it is wisely given.

Whenever and wherever it becomes certain that distribution of aid can be carried on by churches or individuals in a manner truly helpful to recipients without the direction of the charity organization society, it is right that the society should, so far as this function is concerned, give place. But, until that is clearly the case, any plan which involves the forfeit by the society of its right to see that relief given through its mediation is wisely administered ought to be pursued only with the greatest caution.

The more important of the news notes crowded out of this issue will be published next month, if space permits.—ED.

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MEDICAL CHARITIES.¹

BY STEPHEN SMITH.

By the term "medical charity" is understood an institution devoted to the gratuitous medical relief of the sick poor who are living on the border-line of self-support and indigence, or who, having passed that line, are no longer able to maintain themselves. The degree of poverty which entitles a person to public support is thus defined by our poor laws: "A poor person is one unable to maintain himself, and such person shall be maintained by the town, city, county, or state." It follows that a medical charity must be devoted to the care of a class of persons who by reason of impairment of physical forces or loss of financial resources are incapable of self-maintenance. It is equally true that an institution which has been distinctively a medical charity may cease to be entitled to that classification by changing the character of its inmates from those unable to support themselves to those capable of self-support.

AN OVERFLOW OF SYMPATHY.

To the poor, sickness is always a menace of absolute pauperism, for it tends more directly than any or all other causes to produce conditions which render the individual and those dependent upon his labor proper subjects of public care. Hence the sick poor have always appealed powerfully to the sym-

pathies of the community in which they live. The sentiments and emotions which inspire acts of medical relief are the highest and noblest which can excite or influence human action. But all history proves that when charity is exercised in the relief of the sick and suffering poor, it tends to be effusive, prodigal, and indiscriminate. This fact is especially noticeable when charity is stimulated by an abiding christian faith, as is exemplified in states and communities distinguished by the most advanced christian civilization. Among English speaking peoples medical charities abound in the greatest profusion. Magnificent hospitals for the acutely sick, enormous asylums for the feeble and insane, well appointed refuges for the young and old, attract the attention and excite the admiration of the traveler. But these more prominent institutions represent only feebly the volume of charitable sentiment in a christian community. A closer inspection reveals the fact that every human ill and want has its special organized method of relief. There are hospitals and dispensaries for the treatment of the diseases of every organ of the body; there are societies for supplying every physical want that man can have; there are philanthropic appliances to elevate him from the lowest estate in

¹See editorial, page 3.

which he is found to the highest plane of social life that he is capable of reaching and maintaining. We would seem to have exhausted the whole category of human infirmities in our efforts to save the poor from the strain and stress of poverty. And yet we are apparently in the very flood-tide of the creation of new charities, for it appears that 345 more charities were reported in the year 1896 in New York city than in 1895. It follows that large numbers of existing charities must be multiplied far beyond the needs of that special object of charity. Proofs of this fact are abundant. There is no time when there is not an excess of vacant beds in the hospitals far greater than present or prospective wants justify. It was recently found that there were 5,000 vacant beds in the institutions for children in this city. Facts like these greatly modify our judgment of the wisdom exercised by those who have the disposition of charitable funds. Though our charities are very properly sources of civic pride,—for they prove, as no other phase of modern civilization can prove, an exalted moral standard of the people,—yet that pride suffers humiliation when we study more closely the outcome of all this expenditure of sympathy, energy, and treasure. The often superficial and transient good they accomplish is easily recognized, but the evils inherent in their management are insidious and appear only to the skilled observer. In these latter days the whole subject of public and private charities is undergoing

a most useful and much needed scrutiny and criticism. This discussion can but result in a great diminution of the number of these institutions, more exactness of detail in their management, greater economy in the use of charitable funds, both public and private, and far greater good to the beneficiaries.

THE EDUCATIONAL ELEMENT.

A review of the history of medical charities shows that although the primary object contemplated in their establishment has been the gratuitous relief of the sick poor, yet there has generally been a secondary motive, the training of physicians, which has been more or less powerful in shaping the management. In each case there has been an underlying sentiment of true benevolence, but it has not always been equally conspicuous, nor equally potent in its influence. The first medical charities were the temples to which the sick poor resorted for treatment in the early historic period. Disease was an infliction of the deities for wrongs perpetrated by the sufferer, and the sick sought relief at the temples. The priests ministering in the temples listened to the details of symptoms from day to day and prescribed such remedies as they had found useful in cases with similar symptoms. In time the sick were required to bring to the temples a votive tablet on which was detailed an account of the symptoms of their diseases and the remedial agents which had been beneficial to them. These records were carefully preserved and in time were consulted by the sick and their friends for the

purpose of finding similar cases by which they would be guided to the correct treatment. But it was found inconvenient as well as dangerous to allow the common people to prescribe for their own diseases. Symptoms were misinterpreted and remedies misapplied. The records were therefore withdrawn from public scrutiny and placed in the exclusive charge of the priests who ministered in the several temples. The sick now related their symptoms to the official organ, who in turn consulted the tablets or clinical records, then prescribed the proper remedy, and received in behalf of the presiding deity the votive tablet.

The priests, thus having exclusive control of all the recorded facts and observations in medicine, proceeded to reduce the accumulated facts to a system. The records were carefully revised and collated, and finally formed into a medical code which they called the Sacred Book. This book was the undeviating guide to medical practice for centuries. It was a medical book without a theory. It contained only facts. And so it was received as the great statute book of ancient medicine. The temples where the sick congregated were the medical charities of that period, and the votive tablets were the clinical records of the diseases of the sick poor. It naturally followed that these temples became in time great centres of medical knowledge and learning. Thither students flocked from distant states and foreign countries to drink at the original fountains of experience. Men

of genius and cultivation here attained to a profound knowledge of the recorded wisdom of the past, and became skilled in the practical application of that knowledge to the relief or mitigation of human infirmities. As their fame spread they attracted pupils, attached themselves to the temples, and in turn became practical teachers of the art of healing. Thus arose schools of medicine, the natural outcome of the early methods of treating the diseases of the sick poor in the temple charities. Throughout all the intervening ages between that remote period and this, instruction in the science and art of medicine has been recognized as a legitimate function of medical charities.

THE RELIGIOUS ELEMENT.

Still another motive for establishing medical charities had its origin in the religious sentiment. We can trace the operations of this sentiment through all ages. At some periods it has sought to give relief only to the needy sick of the particular faith of the founders of the charity to which application is made. At other times, and especially at present, medical charities are established and maintained by the church for the purpose of propagating its special form of religious faith. Of the enormous power of a medical charity as a propaganda of religion we have abundant evidence in the various missionary enterprises of this century. Referring to the population of the first hospital established in China, it is said that its founder, Rev. Peter Parker, opened China to

the influences of modern civilization at the point of a lancet. In every part of the world we find that the church medical charity is giving the largest results in the field of proselytism.

THE ECONOMIC ELEMENT.

We might with great propriety add still another motive, and designate it as the philanthropic. It is the purpose of those actuated by this motive to create and manage medical charities with a view to restore the sick poor to health in the least possible time, in order that they may not only become self-supporting, but that they may contribute to the support of others rightfully dependent upon them. Medical charities established with the single object in view of saving their beneficiaries from pauperism subserve the highest interests of the sick poor in their capacity as citizens.

MEDICAL CHARITIES MUST NOT PAUPERIZE.

It can not be denied that either of the motives above given is in itself commendable, and, if pursued in a proper spirit with due regard to the interests of all affected, legitimate. But it is quite apparent to any one who studies the subject of medical relief through the medium of organized charities, that because the motive of the almoner is commendable, the evils growing out of improper management are very liable to be overlooked, or, if recognized, to be readily excused or condoned. The whole community is deeply stirred when it is announced that a citizen is about to build a hospital,

an asylum, an infirmary, or other charity for the sick poor of the vicinity, and any irregularity in its management subsequently is likely to be received with incredulity. The popular belief is that no one should be restrained from giving as freely as he pleases, and in such form as he may elect, to the sick poor. Every new charity created and every endowment of existing charities meets with great public favor. And the same sentiment which commends the unstinted employment of funds, public or private, for medical charities, condemns the too close scrutiny of its expenditure. Nor when in operation will it tolerate the inquiry of each applicant necessary to determine whether he is a proper subject for its care and treatment. Its motto is, "better give to nine unworthy than reject one worthy." It follows that medical charities have been, and always will be, popular, whatever form they may take, and that whatever evils may be alleged against them will be overlooked if there is the slightest apology for their existence. The result is that we witness to-day an enormous growth of these charities, public and private, with no intrinsic or extrinsic force tending to limit their creation. For the same reason evils of management have gradually developed without exciting that criticism which would have led to their correction. Some of these evils are apparent and easily appreciated, while others are subtle and escape the unskilled observer.

Miss Nightingale, writing on her favorite topic, the construction and

organization of hospitals, lays down the following as the fundamental principle to govern every stage of the proceeding, the selection of the site, the arrangement and construction of the building, the details of management, the admission of patients: "*Hospitals should never make the inmates sick.*" This very quaint remark has done more to revolutionize the construction of modern hospitals than all the works written by professional architects. To every thoughtful person who had any familiarity in the practical results of hospital treatment of the sick, this remark came as an easy solution of many a difficulty that had confronted him in his work of curing the inmates of these institutions. He had seen them enter the hospital with curable diseases which quickly assumed fatal complications, while others were admitted with simple affections, but while resident, contracted some form of contagious pestilence. Forceful, truthful, and useful as was the axiom of Miss Nightingale as to the dangers resulting from the perversion of the real object of hospitals, the curing of the sick, by defective construction, organization, and management, it was no more pertinent as a principle governing the establishment and management of the charities under review, than this: "*Medical charities should never pauperize the sick poor.*" This is a truth of the most profound and far-reaching significance, and can not be too thoroughly impressed upon the public mind and conscience. It is con-

tended by those having the largest practical experience that out-relief to the sick, unless in urgent cases, and to the partially disabled, tends to undermine the independence of the poor, and that a large proportion of our pauperism notoriously originates in relief granted in sickness (Lubbock). Many English writers who have long been familiar with the operations of the Poor Laws of that country contend that gratuitous medical relief "is the inlet through which the habit of pauperism first creeps into the poor man's house; it is the ready introduction to permanent pauperism and deception." Langley, a Poor Law administrator, remarks: "It is a matter of general experience in poor law administration, that the receipt of medical relief is most frequently the beginning of pauperism." Dr. Aschrott, long familiar with the operations of the Poor Law, states: "Those who have once accepted this kind of relief (medical) often lose the sense of responsibility and independence, and do not emerge again from the ranks of pauperism." Rev. Mr. Ede, also connected with this service, writes: "There is ample evidence to show that when medical relief is given on easy terms, such relief leads on to further applications to the guardians, and to habitual pauperism."

HOW ABUSE ENTERS.

In the light of the preceding facts relating to the uses of medical charities, the motives which have led to their creation and the tendency which they have when improperly managed to pauperize the sick poor, it is

apparent on what lines of inquiry we shall discover the abuses of these institutions. (1) Perhaps the most noticeable fact is their multiplication far beyond the demands of the really sick poor. For more than half a century the medical charities of this city treated about 16 per cent of the population as sick and needy poor, and fully met the requirements of that class. Now these charities have so multiplied that they give gratuitous medical relief to upwards of 45 per cent of the population. If the statements already made as to the pauperizing tendency of this form of medical relief are true, it is evident that these institutions are not performing their duties in the interests of a sound public policy, and it is incumbent upon the Legislature to take cognizance of the evils they are creating and adopt proper remedial measures. (2) The next feature of medical charities which tends to pauperize their beneficiaries is the indiscriminate relief which they administer. Very few of these institutions attempt any systematic inquiry as to the financial condition of the applicants for relief. Many hospitals and dispensaries not only make no pretence of examining patients as to their ability to pay for treatment, but even boast that they are patronized by a well-to-do class. (3) The medical charities established for the ulterior purpose of teaching medicine or propagating a religious faith are necessarily less inclined to place hindrances on the admission of patients to their institutions than those carried off from purely benevolent

or philanthropic motives. The so-called "Clinics" of the Medical Schools, on the contrary, invite the profession to send cases, promising to treat them gratuitously for the opportunity of exhibiting them to their classes. The church medical charity, which aims solely to improve the moral life of the applicant and uses the dispensary as the best means of accomplishing its objects, will not be over-scrupulous as to the financial condition of its beneficiary.

THE REMEDY.

Remedial measures against the injurious effects of indiscriminate medical relief, whatever may be the form which it takes, must come through the legislature which created these charities. There is nothing inhibitory of the evils complained of, either in the constitution or in the development of these charities. On the contrary, it is evident that all the motives which have led to their creation and which govern their management tend powerfully and irresistibly to increase rather than diminish the evils of indiscriminate medical relief.

The particular measure best adapted to secure the end proposed must be state supervision of the medical charities through a competent central authority. In the state of New York the first step has been taken by the legislature, which in 1894 required every intending corporation for medical or surgical relief to obtain from the State Board of Charities a written approval of its certificate of incorporation

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before filing it with the Secretary of State. This law has had a most salutary effect, for it at once raised a barrier against the constantly rising tide of new and unnecessary charities. The next step should be in the same direction. The State Board of Charities should be clothed

with the necessary power to make rules and regulations governing all forms and methods of gratuitous medical relief, except that which is strictly of a private nature. Most of the states now have well organized boards to which this duty may be safely trusted.

THE LEGAL AID SOCIETY—ITS PAST AND FUTURE.¹

BY FREDERICK W. HOLLS.

MR. CHAIRMAN AND GENTLEMEN:

The subject assigned to me seems to embrace almost the entire oratorical program of the evening, and in view of the great treat before you from the eminent and eloquent gentlemen who are to follow, and whom you are impatient to hear, it seems a pity to postpone your enjoyment even for the short time which I shall venture to take. It has, however, seemed advisable to the committee that at this first banquet of the Legal Aid Society a brief résumé of its history, work, and aspirations might properly precede the discussions of the evening, and my own selection for the task is no doubt due to the circumstance that observation and official duties have made me familiar with some facts which our honored president might suppress, but which ought to be stated.

ORIGIN OF THE SOCIETY.

It is no doubt familiar to you all that this organization was originally

called The German Legal Aid Society (*Deutscher Rechts-Schutz Verein*), and for the simple reason that it was German in its inception and in its objects. It did in fact originate in another organization, which deserves honorable mention whenever the charities of New York are spoken of, and which on this occasion is entitled to the gratitude and admiration of all interested in the work of our society. I refer to the German Society of the city of New York, the parent of all German and of many American charities, and the pioneer in many directions of active beneficence. Founded in 1784 by Baron von Steuben, and counting among its officers and members since that date nearly every name from the Fatherland which has contributed to the greatness and moral worth of this metropolis, the aggregate amount of help, protection, and pure benevolence bestowed by the German Society upon poor immigrants and their descendants is incal-

¹ Address delivered at the first banquet of the society, at Delmonico's, January 22, 1898. See editorial, page 4.

cutable, and may properly be called grand. In the early days of Castle Garden, this society and its vigilant agents afforded the only protection from the horde of unscrupulous scoundrels who, under the guise of lodging-house-keepers, money changers, ticket sellers, etc., awaited the ignorant and bewildered newcomer and often left him robbed of everything, and utterly helpless, at the threshold of a strange land. The establishment of the Labor Bureau—now supported also by the Irish Emigrant Society—in which upwards of half a million persons have found prompt employment, was another feature of the German Society's work, the importance and practical benefit of which can hardly be estimated. The worth and efficiency of this organization received at an early date the official recognition of the state, in that its president was made *ex-officio* a Commissioner of Emigration, so long as the state authorities had charge of this important interest; while on the other side of the ocean the German Emperor and many German princes and Free Cities have been regular subscribers to its fund, in order to show their appreciation of its work.

MORAL ENCOURAGEMENT FOR THE POOR.

It is a fact worthy of special attention, that from the beginning the German Society has recognized, both in principle and action, the important truth that many—very many—of the difficulties of the poor are not material, but moral, in their origin and results, and that no greater mistake

can be made than to suppose that to secure a man's happiness you have only to fill his stomach and to clothe his back.

As General Booth has eloquently said in his work on "Darkest England and the Way Out," "Man is not a mere digestive apparatus, liable to get out of order. He has a heart, frequently sorely troubled, especially by that most cruel of pangs, the sense of wrong and injury, and this is a difficulty which in a friendly world could be made to disappear." Many a poor soul is miserable all the day long and gets dragged down deeper and deeper into the depths of sin, sorrow, bitterness, and despair, for want of one sympathizing friend and champion who can give advice and secure redress. The sense of human brotherhood is impossible until this want is supplied

For three thousand years the world has heard the call: "Feed the hungry, clothe the naked, visit the sick and the prisoners, the widowed and the orphaned." After centuries of apparent lethargy and neglect this cry has come to be heard, and an answer is going forth in every direction, feeble indeed when compared to the urgency and portentous scope of the call, yet full of magnificent promise. But the same voice divine has spoken more and demands more. Our own Emerson was inspired to write:

"Out from the heart of nature rolled
The burdens of the Bible old,
The litanies of nations came,
Like the volcano's tongue of flame,
Up from the burning core below
The canticles of love and woe."

And one of these burdens, one of these litanies of nations and canticles of woe sounds no uncertain trumpet-call to duty:

"Judge righteously, plead the cause of the poor and needy, defend the poor and the fatherless; do justice to the needy, seek judgment, relieve the oppressed; judge the fatherless and plead the case of the poor and the widow."

EARLY YEARS OF THE SOCIETY.

This call was no longer to die away unanswered in New York. To this end and for many years a committee of the German Society, in co-operation with a charitable lawyer,—for there are such,—attended to such cases of need and oppression calling for legal redress as were brought to the attention of the officers of the society. Whole organizations for the plunder of immigrants, especially by means of counterfeit money and forged railway tickets, were broken up; an official inspection of lodging-houses was introduced, and exemplary punishments obtained for some of the worst offenders. It soon became apparent, however, that strangers ignorant of our language and customs were considered fair game for scoundrels of every description long after they had left the neighborhood of Castle Garden. The number of civil suits necessary to enforce unquestioned rights became larger every year. In 1875 the burden became so great that at the suggestion of two men, whose names should be mentioned with especial honor to-day, Sigismund Kaufmann and

Charles Hauselt, the German Legal Aid Society was formed, and ex-governor Edward Salomon, then a distinguished member of our bar, but since retired, was chosen president. An attorney was engaged in the person of Mr. Charles K. Lexow, and a small office opened on the third floor of No. 39 Nassau street. In the first year 212 cases were disposed of, and this number has steadily increased until in the year just closed it reached the very respectable figure of 7,473—and the growth of the society can not be more strikingly shown than in the comparison of these figures. For the first thirteen years the very existence of the society was precarious, the membership being kept low by the comparatively high annual dues—\$20, and an annual appropriation of \$1,000 from the German Society continued to be indispensable. The work was done efficiently but modestly, and for years the society was entirely unknown outside of a comparatively small circle.

CLIENTS EXPECTED TO PAY.

In the beginning there was, moreover, some jealousy on the part of the legal profession, not unlike the present feeling of many physicians regarding dispensaries, but upon investigation it was soon found that so far from competing with lawyers in good standing, the society assisted them materially towards attending to more profitable work, in that it relieved them of charity cases which otherwise they often were hardly at liberty to decline. The society, in fact, carefully avoided the

danger of pauperizing its beneficiaries. A minimum charge of ten per cent was made in all cases of actual collections, and wherever practicable a retainer, besides the payment of disbursements, was, and is, insisted upon. The client may have paid only a dime, but, having paid it, he feels, and is, entitled to a return, and this feeling the society wishes to foster in every instance.

Governor Salomon resigned as president in 1890, and for one year the society continued under an interregnum, which I can not but consider fortunate for myself personally, in that it enabled me, while temporarily acting as its president, to familiarize myself more in detail with its organization and its work. I hardly know a more instructive occupation, even for a busy practitioner.

A NEW IMPULSE.

It is a well known fact that all charities, however meritorious in their inception, lie dormant, more or less, until the right man appears, and the Legal Aid Society was no exception to this rule. If hitherto it had efficiently attended to its routine business, without ambition or any attempt at expansion, it was destined in the year 1891 to have what may be called its new birth, and from that date its greater career took its beginning. What Gulian C. Verplanck did for poor immigrants and the immigrants' hospital on Ward's Island; what Charles Loring Brace did for the Children's Aid Society; what Dr. Wines and Fran-

cis Lieber and their associates did for convicts and discharged prisoners; that Arthur von Briesen has done for the Legal Aid Society. Here, as in the other instances which I have mentioned, the combination of great ability and good judgment with a noble enthusiasm and a high moral purpose has accomplished wonders.

THE SOCIETY AMERICANIZED.

The first requisite for greater usefulness of the society was an increase in its membership, and by dint of energy and perseverance a tenfold increase was accomplished in this direction by the new president. One of its consequences was what may be called the Americanization of the society. Though founded as a German institution, the Legal Aid Society never confined its assistance to Germans, but from the very first had among its beneficiaries a large number of the poor of all nationalities represented in this cosmopolitan city. So far as its activity was concerned, its original name had therefore never been descriptive, and when it was seen that under its new management a majority of its members were no longer Germans or German-Americans, a change of name seemed almost imperative, and was accordingly determined upon.

INFLUENCE UPON IMMIGRANTS.

It may be stated here, in view of the present discussion on the subject of immigration and the assimilation by this country of undesirable foreign elements, that no charity

and scarcely any institution in this city has done, or is doing, so much practical work in the way of Americanizing ignorant foreigners, impressing them with the reality of American law and justice, and laying the foundation of a patriotic regard for their new home, as the Legal Aid Society. To most immigrants this country appears solely as a land where money can be more easily made and a pittance for old age more readily saved than in their original home. At the same time they come with the suspicions of ignorance—alas, only too often well founded — against the American standard of honesty and justice. Thousands of these people have learned from our society that the interests of the poor in the country of the Stars and Stripes are as well protected as abroad, and that right and justice have the same meaning the world over.

RESULTS.

Though numbers indicate but little in any charity, and perhaps least of all in ours, the results which have been accomplished can be eloquently summarized when we state that in twenty-three years of its existence our society has had nearly one hundred thousand clients, and has collected for them over \$650,000. No doubt the amounts which have been paid without the actual intervention of the society, but on account of a wholesome knowledge of its existence and in fear of its process, would swell this figure beyond a million. It will be seen that the

average amount collected for each client is about \$6.50, and to my mind this fact is the most significant and encouraging of all. The pang of injury is most acute where a small amount is wrongfully withheld by a seemingly rich and powerful oppressor. I leave it to you to follow out this thought, and to picture to yourself the happiness of righted wrong which these figures connote. Surely, none of us here present whose paltry subscriptions have assisted in bringing about this result, can possibly recall an outlay which has been better spent.

Time forbids me to recount the many indirect benefits bestowed through this society upon the community in the past, but one of them can not, in justice, be overlooked. The attorneys of this society, Charles K. Lexow and Robert Goeller, have each deserved honorable mention for their ability and untiring kindness to clients from whom no future benefits could be expected in pay for the mitigation of their unhappy and desolate past or present. It is, moreover, a cause for special pride that experience in our office, as attorney, has helped to give to this city a magistrate who is now known of all men as a model of stainless integrity, fearlessness and true heartfelt courtesy, in the person of Herman C. Kudlich. And I know that I voice the sentiments of as many as are here present, when I express our most sincere good wishes to the young man who has recently assumed this laborious and important position, the bearer of two names hon-

ored in American history, the worthy son of a great father, Mr. Carl Lincoln Schurz.

JUSTICE SHALL BE DONE.

Of the future of our society, it is perhaps not becoming to say more than that we look forward to it with hope and confidence, and my reason for so optimistic an outlook is simply because we appeal for our continued success to an ideal feeling, which is almost as old as human nature itself, and which increasing refinement and elevation of character in our race is bound to expand. I mean that noble feeling of righteous indignation at injustice done to others, which in Roman law found expression in the *actio popularis*, and which is the origin of the Queen's Proctor in England, the *Armenianwalt* in Germany, and of the Legal Aid Society here. This feeling is more worthy of attention and development than may perhaps appear at first sight. Every man who seeing the law violated feels indignation, possesses it. That it is confined to no race or creed is strikingly proven by the magnificent struggle raging at this moment between a fearless champion of justice and the infuriated and cowardly mob of the French capital. The indignation with which the entire civilized world has followed the travesty of justice just enacted in Paris is one of those touches of nature which truly make the whole world kin. Without the egotistical motive mixed up with pain at a personal injury, this indignation comes only from the power

of truth and morality over the human heart. In the words of Rudolph von Ihering: "It is the most beautiful, and the highest testimony, which the feeling of legal right can give of its own existence; it is a moral phenomenon worthy of the study of the psychologist and the theologian, and which appeals to the imagination of the poet." Hardly any impulse can work suddenly so radical a change in a man, for who does not know of instances where it has aroused the gentlest and most conciliating of men to an energy of action and a frenzy of rage wholly foreign to their nature, and showing that they have been hurt in their noblest feeling and touched in their most sensitive fibres.

OUR RESPONSIBILITY.

A cause founded upon such ideas can not fail. It is for us here to determine how fully and efficiently it shall succeed in this great city, the storm centre of all the evils which we aim to exterminate; the home, too, of uncounted forces which would make for righteousness, and which need only to be sought out and combined in order to succeed. The honor of our city as a centre of charity and humanity is at stake, and particularly the honor of our profession. This leads me to say one word more to my honored colleagues of the bar, whose numerous attendance on this occasion is so auspicious an omen for our future. There never was a time when the necessity for an able, fearless, upright, and respectable class of

lawyers was so great as now. Never were so many great interests, not only financial, but political, educational, and moral, so largely under the guidance of our profession. Never before have simple lawyers in private practice been called upon to decide so many questions of momentous interests, which hitherto were reserved for kings, for leading statesmen, or for father-confessors; never before has the bar taken so unquestionably the leading position in all really great affairs and in the noble office of advising men as to their rights and duties. But, on the other hand, we must also confess that never before has there been so much cheap and ignorant twaddle directed against our profession as a whole, as well as against its individual members.

It behooves every one of us to help pay the debt which, as Bacon says, "every man owes to his profession," by supporting to the best of our ability every cause which makes for right, and which is calculated to increase our hold upon public confidence. We are not counted char-

itable as a profession, though in this respect, as in many others, we are the victims of the unthinking slander to which I have referred. But we can do nothing which will so surely increase public confidence in us collectively as to make this society flourish as a distinctively legal charity.

The Legal Aid Society is doing a work of which the Bar Association may well be proud, which it should be requested to investigate and supervise, and which associations of the bar in other localities might advantageously take up. Having put our hands to the plow, it were disgrace beyond compare for us now to draw back. For the honor of our profession, let us unite in advancing this truly honorable enterprise.

In conclusion, I thank you for your kind patience in listening to my remarks, which have outgrown the limits originally set for them, and I now ask you to raise your glasses and drink to "The Legal Aid Society, its honorable past, its efficient present, and its great and glorious future!"

LODGING OF HOMELESS MEN IN NEW YORK CITY.¹

BY HOMER FOLKS.

By homeless men is meant here those who are also penniless. It is not impossible for a man who has five cents to find a place in New York where he may stay for the night; with ten cents he can get a bed; with twenty he can put up at the Mills Hotel. But when he has nothing, the only recourse is to charity, private or public. There are perhaps 500 men and women in New York every night in the year who must sleep outdoors or else beg a lodgings. Numerous agencies for their shelter have long been in operation, but without any common understanding or co-operative effort to rescue those whom they helped from a continual life of vagabondage. The result was that for years some men and women on particularly inclement nights could get no shelter at all, some shrewd professional vagrants got comfortable quarters as long as they wished them, while the great majority at best had nothing more than a chance to lie on a plank in the foul lodging rooms of the police stations. As the city authorities had shown no inclination to take the initiative in improving this state of affairs, the matter was taken up by the local Conference of Charities in the fall of 1894. This conference, consisting of a number of active workers in some of the more prominent charitable agencies of the city,

has for several years held monthly meetings for the informal discussion of matters of current interest, occasionally appointing committees to consider and secure action upon special subjects. Through its efforts an organized plan of procedure was adopted by substantially all the societies represented in the conference.

The essential feature of the plan was that any private society, unless it could give adequate relief to a person applying to it for lodgings, and so prevent him from going to lodging-house to lodging-house, should send him to the Department of Public Charities. This would cause all vagrants to pass through one central office, and would, it was hoped, ultimately force the city to work out some uniform and effective system of dealing with them. The plan was acted on by the leading societies during the fall and winter of 1894-95, large numbers of lodgers being sent by them to the office of the Department of Public Charities.

PUBLIC SHELTERS CROWDED.

The treatment accorded the lodgers by the department was not just what the Conference of Charities might have wished. In the basement of Bellevue Hospital the city had for many years maintained a shelter for casual lodgers, or, to be more exact, had allowed anybody

¹See editorial, page 4.

who wished to do so to come in and sleep upon the floor. The persons sent to the department from the various private agencies were crowded into this room until no more could stretch out on the floor. Those who came later were sent to the bare waiting-rooms on the pier at the foot of East Twenty-sixth street, used during the day as a place of temporary detention for prisoners en route to the workhouse or the penitentiary. These swarms of lodgers were a great nuisance on the grounds and in the buildings of Bellevue, while in the dock-house on the pier they made life almost unendurable for the acute cases of erysipelas who occupied the rooms immediately above.

With these facts in hand a committee of the Conference appeared before the Board of Estimate and Apportionment in the following fall and secured an appropriation for the establishment and maintenance of a city lodging-house. Owing to the difficulty of securing a suitable building, a barge was fitted up by the Charities Department, and used as a temporary shelter during the spring of 1896. During the summer and autumn months of this year all applicants were sent to the "Wayfarer's Lodge," maintained by the Charity Organization Society.

CITY LODGING-HOUSE OPENED.

In the early autumn the Board of Estimate and Apportionment authorized a three-year lease of a building on First avenue near Twenty-third street, to be used under the appropriation of the previous fall. There

was much delay in putting the building in order. Meantime the number of lodgers sent to the Wayfarer's Lodge came to be excessive, reaching 1,223 in November. The City Lodging-House was opened early in December, but its operations during this month were rather of an emergency character, the lodgers being allowed to use beds made upon the floor, there being no bathing, medical examination, disinfecting of clothing, nor investigation of the circumstances of lodgers. By the 1st of January, however, the house was complete in all its departments, the investigating officers appointed, and its real work begun.

During this month the old Bellevue lodging-rooms, in the basement of the hospital, which for many years had offered an apology for shelter to homeless men and vagrants, and which was fully as objectionable as any of the police-station lodging-rooms had been, was closed to casual lodgers, and converted into a dormitory for paid help. This was the last step in the unification of the provisions by the city for homeless men originally contemplated by the Conference of Charities in September, 1894. Since the closing of these lodging-rooms all vagrants and persons asking for free lodgings, whether applying to any public officer or department or to almost any one of the private societies, are sent to the City Lodging-House.

TREATMENT OF LODGERS.

Here they are required to undergo a medical examination, in order that contagious diseases may be excluded

and that persons needing medical care may be sent to a hospital. Each lodger is given a bath and a clean bed, his clothing is fumigated, and his statements concerning his circumstances taken. Such references as he can give are personally investigated in the course of the next day or two. If then he returns to the lodging-house several times, and in the meantime his references have been found unsatisfactory, he is sent to a magistrate on a charge of vagrancy. About one in every thirty lodgers is in this way committed to the workhouse. Others find their way to the hospital, as among this class of the poor there are many who need immediate medical attention. The statistics for 1897 show that one lodger in every thirteen receives treatment either from physicians in attendance at the lodging-house or at the hospital. A few are provided with employment. The rest eat their breakfast of coffee and bread and go their own way,—where, no one has ever found out. Only a few of them come back more than once or twice. Thus, while the treatment has not erred on the side of severity the persistent sending of confirmed vagrants to court for commitment to the workhouse seems to have had a deterrent effect. Notwithstanding the continuation of the hard times and the difficulty of finding employment, the number of lodgers during March and April of 1897 was considerably less than for the same months of the preceding year. The same is true of October, November, and December as compared with the corresponding period of 1896. As no

special increase in the number accommodated by private agencies has occurred during this time, these facts would seem to argue that the policy which has been adopted is serving to lessen the attractions of the city to the vagrant class. Still the number of lodgings given is far from small, amounting to a total during 1897 of 56,714, or an average, during the summer, of ninety-eight, through the winter, of 215, per night. A small proportion of the lodgers are women, in some cases accompanied by children in arms. It is interesting to note here that the number of lodgers Saturday is very much larger than on other nights, apparently because nobody is sent to court Sunday mornings.

Owing to the sending of so many vagrants to the Workhouse, this institution became much overcrowded in the course of the winter of 1896-97, and it was almost impossible to provide anything like adequate employment for the men, or to enforce a proper reformatory discipline. Relief was sought through the erection of temporary barracks on Riker's Island, it being expected that the men sent there would be employed in the spring in agriculture, but this relief came too late to be of any service during the period of greatest need. In view of the overcrowded condition of the Workhouse and of the large number of young men applying at the City Lodging-House, who were found on investigation to be vagrants, the Conference of Charities caused to be introduced in the Legislature a

bill for the establishment of a Farm Colony for vagrants. The bill passed the Senate, but was defeated in the Assembly, the chief objection being to a clause permitting commitment under an indeterminate sentence. The failure of this measure to become law is deeply to be regretted, as such a colony seems to be the one feature needed to round out the reasonable and humane provision now made for this class of dependents. The same bill is now pending, with a fair chance of enactment during the present session.

THE RECENT COLD SNAP.

The cold storm which swept the country during the last few days of January tried the resources of every agency having to do with the very poor. For a week the Lodging-House was more crowded than usual. On January 30 its capacity was exceeded, 336 applying for shelter; 54 of these were sent to the dock-house at the foot of East Twenty-sixth street, where they were allowed to sleep on the floors of the waiting-rooms, but without bedding of any

kind, a return to the experience of previous years. On the morning of the following day they were taken to the Lodging-House for breakfast. Of the men who were accommodated at the Lodging-House, 107 who showed "snow tickets" were allowed, contrary to the regular rule, to go out to their work on the following morning as early as they wished, without waiting for inspection. On the 12th of February again the number of applicants, 343, was too large for accommodation; 45 men, after receiving supper (bread with tea or coffee), were sent to the dock-house to sleep, and on the following morning were allowed to come back to the Lodging-House for their breakfast. It can be safely said that, with this recourse to the old plan of using the dock-house in exceptional emergencies, the city is now in a position to give reasonably good care to all homeless men who have any right to lay claim to its temporary shelter, and at the same time to prevent its charity from being imposed on by a class of professional vagrants.

INDUSTRIAL INSURANCE.¹

BY HALEY FISKE.

The Editor kindly invites me to write an article upon the relation of industrial insurance to the welfare of the poor, and makes but two suggestions: one, that it shall not be too much burdened with statistical information; and the other, that in the treatment of child insurance not much attention need be paid to the charges formerly made that the insurance of children involves any danger of child abuse or destruction.

The task is gladly undertaken for the *CHARITIES REVIEW*, because the time has come for charity workers and industrial insurance workers to understand each other. There is no antagonism between the two classes. They ought not to work among the same persons, and if at times they meet, it is because misfortune often comes to the thrifty in such form that for a time at least the ministrations of the charitable may be needed by those who previously, when independent wage-earners, had as a means of self-help become insured. Charity workers and industrial insurance workers are really engaged in similar work; the former are constantly striving to put their beneficiaries in a position beyond the need of charity; the latter are striving to keep away from the wage-earners the necessity of charity. Doubtless there is this difference: charity workers are, or ought to be, unselfish; indus-

trial companies are business corporations which must be conducted on safe business principles, and are not, and can not be, charitable institutions, though they are as charitable in their operations as safe business principles permit.

The time has gone by when the great industrial insurance companies can look for great profits. In this article I shall not undertake to speak for other companies than the three principal ones—the Metropolitan, the Prudential, and the John Hancock. I know little of the methods and management of the others. In details, the rates of insurance, the treatment of policy-holders, etc., I can safely speak only for my own company, the Metropolitan. But of all these three companies this may be said: the profits of the business do not go to the stockholders. The Metropolitan pays to its stockholders but two per cent of the profits made upon its capital out of the business—the law limits its dividends to seven per cent and it makes five per cent out of the investment; the Prudential pays but five per cent in the same way; and the John Hancock is a purely mutual company. As to the other companies in this country I do not believe the stockholders have ever received anything. They are mainly small, local in their operations, and most of them have

¹ See editorial, page 1.

not got beyond the period of hard struggling. This fact may correct some popular impressions as to the sure and easy profits to be made out of this business, as also may the further fact that as many industrial insurance companies have failed or given up business as are now in existence. The last one, when liquidated, had an annual premium income of nearly \$600,000, and had been in existence over eight years; its capital had largely disappeared from the possession of the shareholders to reappear only as assets compelled to be held for the protection of policy-holders, and therefore, as regards the stock, a liability. The determining cause of its liquidation was the well founded belief of the owners that it could not afford to comply with a new statutory requirement to give paid-up policies after three years. The policy-holders of this company (The United States Industrial), as well as of those of the company last previously liquidating (The Peoples, of Norwich, Connecticut), were taken care of by a strong company by the assumption, with the consent of the holders, of all the policy contracts. The number of people affected by the previous failures was small.

At the outset I am safe in saying that the industrial insurance business is to-day carried on by the executives in the firm belief that it is a necessary business required by the people; that the officers occupy a position of public trust; that their obligations are primarily to the great body of the people; and that the welfare of

the policy-holders is everywhere and always the very first consideration in the minds of the responsible management. It is safe for me to say this, for the three companies mentioned have in force ninety-four per cent of all the industrial business of the country (excluding fraternals, assessment concerns and the like), and I know the motives of the management of those companies.

In the few hours which are all that is possible to a busy executive officer in the busiest time of the year to devote to this paper, it will be the endeavor to discuss the industrial insurance business solely from the point of view of the readers of this magazine; for a considerable book could well be devoted to the business generally; and statistics will so far as possible be eliminated. A book by Miss Mary Willcox Brown, entitled "Thrift Agencies," shortly to be published by Randolph, will contain, in a chapter devoted to industrial insurance, many of the most interesting statistics of the business, and, so far as these are concerned, will, I have reason to believe, be accurate. It is safe to say that never before has a writer upon a trade topic had placed at her disposal such an exhaustive analysis of the technical features of a business, generally considered to be corporate and not public property.

Industrial insurance may be defined as insurance at retail; and like those of all great retail businesses, its total figures are startling. There are over eight millions of industrial policies in force in the United States, amounting to over a thousand millions of dollars.

This business is in thirty-seven states, but almost all of it is in less than half the states of the Union. It is the result of the work of twenty years. Reasoning from the analogy of the business in Great Britain, where one company alone has as many policies in force as equals one-third of the population, one can easily imagine what stupendous figures will be shown at the end of the next twenty years. Every year has shown large advances over the preceding year, and there is no reason why this should not continue, for we deem it safe to say that twenty years' experience is sufficient to demonstrate the stability and permanence of the business. We have a right to conclude from this that the system meets an actual want. The first fact, therefore, to which I wish to draw attention is that there is a demand for small insurances from the working classes, and that the most important question for those who have the interest of these classes at heart is, how shall this demand be met? This fact should be impressed upon the minds of all who study the question, that the business springs from the desires, nay, the demands, of the people, and is not a business created by speculators and forced upon them. That this is so appears not only from the history of the business, but from a review of life insurance generally among nations advanced in civilization. Nearly one-half of the people of England are insured; the growth of life insurance in America is phenomenal—the figures are familiar. Mr. Fouse in a recent paper (No. 218, American Academy of

Political and Social Science) puts the amount of insurance in force in the United States as about fourteen thousand millions of dollars and the number of policies to be equal to one-fifth of the population. The growth of the business is practically a matter of the last half century. The commercial instinct, which is the mark of the period, is accountable for it. Such a phenomenon can not be confined to one class. The close relations of the classes of the people to one another in our modern life make it certain that the form of thrift known as Life Insurance will not be confined to the well-to-do. Historically, industrial insurance, as now practiced by corporations, has grown out of the unscientific, clumsy effort of the people to insure themselves by small clubs and fraternal societies. None of these was large, and so the system did not attract much attention; but it was extravagant, unsafe, unfair, and full of abuses. England was overrun by small friendly societies, many of them issued no policies, the sign of membership being a card containing only the name of the society and of the supposed insured, with fifty-two small blanks to be crossed for weekly payments; the management was in the hands of the collectors; the meetings were characterized mainly by the amount of beer consumed; the method of compensation to collectors encouraged the forcing of lapses; the amounts paid were small and the collection uncertain. The abuses were so numerous and flagrant that

they became the subject of Parliamentary investigation and finally of reform.¹

Two significant facts appear in this history: one, that there was popular demand for small insurances, so that the people undertook to supply for themselves what they had neither the ability nor knowledge to supply; and that out of this condition of affairs grew the Prudential Assurance Company of London, the pioneer industrial company and one of the largest insurance companies of the world to-day, having in force, as said above, policies numbering one-third of the pop-

ulation of England, Scotland and Wales, having an office in every city, town, village and hamlet of the three countries, and with a business still showing marvelous growth each year; the other, that with great freedom for the formation and maintenance of friendly societies by the laws of England, the English Prudential is many times greater than all of them put together, though the same statute, laws and regulations govern them and it, so far as the two systems admit. No other conclusions from these patent facts seem to us possible than these: that industrial insur-

¹ A remarkable book, "English Associations of Working Men," by J. M. Baernreither, a German *savant*, translated by Miss Alice Taylor, describing the conditions *circa* 1885 and including a historical sketch of friendly societies, clubs, and the like, gives striking glimpses of the condition of affairs prior to Parliamentary regulation. It describes some twelve varieties of these insurance and relief clubs, which in 1874 numbered 32,000 in England and Wales (p. 162); tells of their difficulties, which needed legislation "to extricate them" and place them in the improved condition in which he found them—a result "accomplished not in a gentle order of events, not without internal struggles, not without frequent miscarriages, entailing widespread misery and misfortune, not without injustice and hardships to individuals, in so much that at times all the benefits and blessings of these societies threatened to be swallowed up, and there came moments when strong natures began to doubt of ultimate success" (pp. 166-7). His work deals in the most sympathetic spirit with the co-operation of workingmen in such clubs, but he has to be very severe with some of them, particularly with burial clubs (p. 190), and says that "the abuses in the various friendly societies, such as insolvency, dissolution, mismanagement, and even dishonesty, were matters of daily occurrence" (p. 229). Down to 1867 14,000 out of 38,000 had collapsed (p. 231) and a large majority of the existing remainder were insolvent (p. 254) and saved from failure partly by wholesale lapses (p. 256). He denounces the general collecting societies carried on for profit (pp. 191-5), and then, coming to the English Prudential company, remarks that such companies do not come within the scope of his work, but adds strong praise of the method and "sound insurance system" of the English Prudential and speaks of its remarkable growth in 1872 to a million members (pp. 196-7). During the quarter of a century since that date this company has multiplied its industrial policies by twelve, the average premium on the twelve million policies being four cents a week, has in force a half million ordinary policies (averaging £100), and has multiplied its assets *seventy times* (\$2,000,000 to \$150,000,000). We may safely conclude that the reformation of the corrupt old friendly societies has incidentally given rise to the marvelous growth of this wonderful industrial stock corporation, which has in force nearly a thousand millions of insurance, three-quarters of which is weekly industrial.

A summary of the testimony and of the Report of the Parliamentary Commission may be found in Vol. 4 of the Insurance Cyclopedia, title "Friendly Societies," together with a long history of their career, mostly derived from official documents.

ance in England grew out of, and did not create, popular demand and necessity; and that it has fairly kept abreast of this demand and met the necessities of the people.¹

In this country the enormously greater territorial extent, the smaller comparative population, the existence of state lines and different legislative bodies make the problem a different and more difficult one for the industrial companies. Otherwise, similar conditions exist. The country is overrun with the small co-operative and assessment and fra-

ternal societies. The Metropolitan superintendent who opened Pittsburg found about fifty "grave-yard" local concerns which melted away as his work progressed. No one, who has not made inquiry, has any conception of the number and extent of the irresponsible societies which practice fraternal insurance. There is little or no supervision of them. The very word "fraternal" scares away the average legislator, who hates to interfere with freedom of co-operation, and so the societies escape official scrutiny; but occa-

¹ In these days when social problems have come so much to the front, the minds of the people naturally turn to government insurance as one of the questions allied with various other social questions, such as have given rise to the government board of arbitration between employers and employed, government distribution to the poor and the adventurous, like the Klondike seekers. In Germany there is an elaborate compulsory co-operative insurance system, a brief account of which is given in the paper published by the American Academy of Political and Social Science, before alluded to. Insurance against sickness was started in 1883; against accident, in 1887; old-age insurance in 1889. The premium in one of these branches is paid one-third by the government, one-third by the employer and one-third by the workmen. The *naivete* of such an endeavor to divide the expense will be apparent to anybody who thinks a moment on the subject; that there can be no doubt that the workman pays not only his own third, but a good part, if not all, of the employer's through the medium of wages, and a good part, if not all, of the government's share, because in the last analysis taxes come out of the producing part of the community. It is shown that the accident part of the insurance has been a complete failure. The proportion of accidents has increased sixty per cent in the last ten years; lawsuits have not been diminished, but greatly increased; government expenses and general expenses of the system have rapidly advanced. A resolution has been introduced in the Massachusetts legislature to investigate the German system, as well as the English, Swiss and New Zealand systems, and it is to be hoped that the resolution will pass, provided the investigation is made by a competent and trustworthy commission, as the report will no doubt put an end, for many years, to any notion of government insurance in this country. The history of government insurance in Great Britain is a history of ridiculous failure. An act was passed in 1864 by the efforts of Mr. Gladstone, who predicted for it the most wonderful success. The insurance by this system was for from \$100 to \$500; surrender values to be allowed after the payment of premiums for five years; premiums were allowed to be paid fortnightly, monthly, quarterly or annually; premiums were payable at the post office, where applications could be made and policies obtained. Up to 1883 there were 2,000 selected post offices that were agents of the insurance, and after that date the number was increased to 8,800. The result: From 1865 to 1883, inclusive, nearly twenty years, 7,014 policies, issued for less than three millions of dollars; and from 1884 to 1893, inclusive, ten years, less than 7,000 policies, for a little over a million and a half of dollars. At the end of 1893 there were in force only 9,065 policies, insuring £568,581. The total business done for twenty-nine years did not anything like equal what the Prudential of London does every year.

sionally the lack of scientific method, the mismanagement, the dishonesty of the system come to the surface. A visit to the office of the Commissioner of Insurance of Massachusetts and an inspection of his special file will disclose an imposing graveyard with innumerable headstones giving the names of the deceased "fraternal endowment" societies which died from the shock of his official probings.

These societies are innumerable, short-lived, collect all they can, pay out only what they are forced to pay, maintain during their brief existence a constant struggle for life, and finally leave each a small, sad membership to mourn their loss. A chart of co-operative assessment associations, published by Dawe of Boston, fourth edition, gives a list of over four hundred existing in the United States, and shows that though none of them is old, forty-five are on their last legs. These concerns all testify to the need of small insurances; to the desire for them; to the endeavor to get cheap insurance, and to the certainty of failure. Even assessment insurance on a large scale is, in the minds of many, now reaching its critical stage. The recent occurrences in Massachusetts, and the committee reports on mortality of such large, respectable fraternals as the Royal Arcanum are finger-posts pointing to the certain doom of unscientific efforts to effect durable co-operative insurance. Dawe's chart above mentioned gives a list of 1,222 defunct co-operative associations, which he admits is only a partial list.

Industrial insurance is an effort to provide safe, small insurances on scientific principles for the great mass of the people. Its broad underlying principles are easy to understand; but the application of them to existing conditions involves difficulties and intricate details which are taxing the resources of great companies, involves also tremendously hard work on the part of able men who are putting all their strength and mind and body into the problems constantly arising and into the conscientious work of improvement and endeavor to reach perfection. These broad, underlying principles are few, and are such as are common to old line life insurance as regulated by statute in this country. You must have level premiums, sufficient to cover the mortality to be experienced in the class for which the insurance is designed; sufficient to pay the expense of the business; and sufficient to provide the reserve required by law to meet the increased cost of insurance at the increased age of the insured. Weekly payments of premiums, instead of quarterly or even monthly instalments of annual premiums are a necessity. We may grieve that it is so; no part of the business so greatly increases the expense; but it *is* so, and the part of wisdom is therefore to meet the necessities of the situation, and not to worry over them. The history of life insurance is full of the failure of monthly instalment plans. No one of them has ever succeeded, despite earnest and enthusiastic effort. Even

the assessment companies have had to abandon in practice monthly assessments. There is no teacher like experience. There is no need even to reason about it. We know that weekly premiums are a success; we know that monthly instalments of annual premiums are a failure. The reasons are grounded in human nature; that is all we can say. Here is a broad fact—and we are dealing with facts. Men feel the need of fire insurance and of life insurance. They will have both. But when we come to the individual man we find that he will seek out fire insurance, and run to get a policy; to take life insurance, he must be sought out and the policy must come to him. Why is it? We do not know. We only know it is so and we meet facts as they are. Fraternal societies appoint solicitors and collectors—men will send their premiums to town fire companies, but will wait for the collector to come for their life premiums or assessments. When you call for a monthly premium you won't get it—it is either too large or too small. The industrial policy-holders will pay weekly, but not monthly; the more well-to-do will pay quarterly, but not monthly. It is only when we have large policies placed upon men of capital with business habits that we can expect them to send their premiums yearly or half-yearly, and even then they must be asked to do so by notice; a necessity recognized in the non-forfeiture-without-notice statutes of all the states. Industrial insurance companies, therefore, in their plans of insurance must

make provision (1) for the special mortality of the class for whom the insurance is devised, (2) for the statutory reserve which makes the insurance safe, (3) for the expense of placing the insurance and collecting the premiums to keep it in force, (4) for the agents in such wise that the method of compensation shall tend to prevent lapses, (5) for the proper distribution of surplus.

It seems to me, therefore, that I shall meet the desires of the readers of this magazine if I briefly discuss:

- I. The mortality question.
- II. The question of child insurance.
- III. The expense question.
- IV. The lapse question.
- V. The treatment of those policy-holders overtaken by misfortune.
- VI. The constant endeavor to increase benefits to policy-holders along safe lines.

I. When the cost of industrial insurance is considered, the first thing to be noted is the increased mortality among the industrial classes. Let us compare the number per thousand dying at each of several specified ages, according to (a) Farr's English life table of the general population in Great Britain, compiled from two censuses (we have no such table in America), (b) Actuaries' table (that is, a table of insured lives formulated from the combined experience of 17 companies, compiled by English Actuaries, which is made the statutory basis in many of the United States for the computation of insurance mortality), and (c) the Metropolitan

Life Insurance Company industrial table (based on observation of twelve millions of insured lives):

DEATHS PER 1,000.

Age next birthday.	Farr.	Actuaries.	Metropolitan.
20	7.74	7.29	10.52
21	8.46	7.38	11.56
25	9.24	7.77	14.14
35	11.24	9.29	17.15
45	14.50	12.21	22.56
55	21.75	21.66	35.22
65	41.20	44.08	64.51
70	60.80	64.93	90.99

A glance at these tables shows the net cost of industrial insurance of adults to range from 140 to nearly 200 per cent of the Actuaries' table. As the experience of the American companies shows an actual mortality of only about 80 per cent of the Actuaries' table, it follows that the industrial mortality is from 170 to 230 per cent of old-line large insurances. At age thirty-five, generally taken as an average age, the percentage is 230.¹ A comparison of industrial mortality with general mortality shows a less, but still large, percentage of difference. It is

reasonable that it should be so, because, in the first place, industrial insurance in this country has not yet reached the agricultural and rural population, which is so large a proportion of the whole. In the second place, the mortality of the working people in cities is large, because of the exposure, the mode of life, the hard toil and confinement, the carelessness of self which the observation of everybody must have noted among working men and women. To some extent there is also a selection against industrial companies, often unconscious, which is the correlative of the unconscious selection against old-line companies in tontine and endowment policies. A man vaguely conscious of low vitality will insure himself more readily than his opposite, just as one vaguely conscious of extra virility will prefer tontine to whole life insurance. But here are the facts; and it is upon hard facts that the figures of life insurance must be based.

II. The question of child insurance has given rise to many absurd

¹We are doing all we can to reduce this mortality, not only by care in selection, as we show farther on, but by instructions to our policy-holders. We often give valuable suggestions in the company's paper, elsewhere alluded to; and we are circulating (free) among policy-holders a pamphlet of ninety pages, written for us by our Chief of Staff in Canada, Dr. Thomas Simpson, a physician of recognized ability as lecturer and writer, entitled "A Friend in Need is a Friend Indeed—Health Hints for the Home," which we should be glad to send to any who have the interest or curiosity to see it, or who would like to use it in visiting work, etc. It contains chapters on accidents and injuries, illustrated, the care of children, treatment of poisoning, general household hygiene and hygiene of the nursery. The last two chapters are essays in simple, easily understood language; the rest of the book is paragraphed with prominent side-titles, and there is a copious index. We believe it to be a noteworthy book in its successful endeavor to set forth simple rules of health, of the hygiene of the dwelling, of the care of children, avoidance of dangers, preparation of food, treatment of simple complaints, symptoms of serious diseases needing a physician and pointing out where there is the necessity of calling one, and the treatment of emergent cases of accident, etc. The first edition is a million copies, and an edition in French is in preparation.

theories based, not upon facts, but upon prejudice. The objections to it are, we take it, only a survival of the old-time prejudice against all life insurance. In the American Academy paper, above mentioned, the Amsterdam Ordinance of 1598 prohibiting and declaring void all life insurance contracts, and the French Marine Ordinance of prohibition of 1681 are cited. It is only a few years ago that clergymen in this country began to preach life insurance as a duty, and the whole tenor of their sermons shows they were attacking a prejudice against the business. In the argument against child insurance in Tennessee, Dr. Wright, of the Health Board, classed it with adult life insurance as an incentive to crime. "It must be known, too," he wrote, "that at the very origin of life insurance frightful crimes were perpetrated through its aid; wholesale murder for the obtaining of sums insured for by children upon their parents' lives, wives on those of their husbands, and, in short, that no domestic relation was found sufficiently sacred to be safe against the crimes rendered possible by this dangerous institution." The old gentleman represented the prejudices of two generations ago. People have got used to adult insurance and their objections have been disproved by experience. They have not yet got used to the idea of child insurance, and the hereditary prejudice survives. And yet, if I should ask any one of the well-meaning men and women who share it what they would do if on a jury in a suit for damages

brought against a common carrier for causing by its negligence the injury or death of a child, what answer would they make? Would they vote for the defendant because "making money out of the death of a child" goes against their conscience? Would they not recognize that the parent or the representative of the estate of the child had a just claim for compensation? The law books are full of such cases. The courts hold that the parent may recover damages for the prospective value of their child's services when it is too young to be of any service when injured. They hold that parents may entertain suit to recover damages for the death of their minor child, evidence of specific or particular damage not being essential to recovery,—the jury may infer such damage unless there are facts in the case which render such inference impossible (See cases cited, Vol. 5, American and English Cyclopedias of Law, p. 126, and Vol. 16, p. 468). Do not understand this as a legal argument by analogy for the lawfulness of child insurance. The courts have held directly that a parent has an insurable interest in the life of a child. I am arguing to the prejudice of laymen. Shall it be said that the loss which, if caused by the negligence of another may be compensated by damages, may not be insured against?

Is not the law on these subjects declarative of the common sense of the question? Of course, when it comes to fixing the *amount* of child insurance, other considerations en-

ter. The self-interest of insurance companies is the same as public interest, that the insurance shall not be so great as to cause speculation or lead to carelessness or worse in the treatment of a child. We are arguing on the principle; and when we know that a parent is responsible for the sick and death expenses of a child, we know that this furnishes a proper incentive to insurance. The helplessness, the non-wage-earning capacity of a child, so often urged against the system, has nothing to do with the question. Child insurance is an insurance against liability for expense and actual loss, and must therefore be logically legitimate. Of course, if experience showed that such insurance led to crime or to neglect or abuse of children, we should all be opposed to it. Experience has shown the opposite. *The mortality of insured children is less than the general child mortality.* The London Prudential proved this in England and the Metropolitan has proved it in the United States.

DEATHS PER 1,000 AMONG CHILDREN.

Age Next Birthday	Farr's Table.	(U. S. Census 1880.) General Population.	³¹ Cities.	Metropoli- tan Experi- ence.
2	65.59	57.6	87.4	49.37
3	36.13	29	36.7	32.01
4	24.59	21.5	24.7	21.53
5	17.92	16.5	17.9	16.07
6	13.53			11.61
7	10.75			9.64
8	9.18	8.2	8.9	7.94
9	7.69			6.55
10	6.56			5.47

A comparison of the number dying at each age per thousand by Farr's

table, by the United States census table, and by the Metropolitan experience table, as shown above, will convince any reasonable person that children are not killed for insurance. The table proves more than this. It proves that they are not neglected in food, clothing or general care. There can be no sense in a claim that parents slight their children in order to save insurance premiums either on their own or their children's policies, unless it can be shown that such slighting increases the mortality. It could easily be demonstrated, if we had the space, that the general mortality in children has lessened during the last fifty years. There is, therefore, not the slightest ground in fact for claiming that children are hurt by the expense of insurance. Take the table above at the tenderest age and set off our experience of forty-nine deaths in a thousand against Farr's sixty-five, and it is still more remarkable than it appears: for in our table the average age there specified is a year and four months, while Farr's is a year and six months,—and the death rate at sixteen months is higher than at eighteen months. We are not left altogether to statistics. Parliamentary inquiries in England have been very critical and very exhaustive, yet every bit of legislation resulting from the successive reports has been more favorable to child insurance than the preceding one. Dr. H. R. Jones, of the Royal Southern Hospital, of Liverpool (the storm centre, so to speak, of the operation of the friendly societies, and where the Prudential alone has

three hundred agents), in a little work "On the Perils and Protection of Infant Life" (1895), says: "The incentive to child *neglect* and child murder is *not* the prospective receipt of insurance money. . . . Cases of neglect are more frequent into which the element of insurance does not enter than those upon which it is supposed to exercise influence." Investigations in this country have brought the same result. The Massachusetts Society for the Prevention of Cruelty to Children reported in 1891, referring to the English reports: "We have taken pains to inquire into the practice here, but have found no evidence of such intent" ["in order by neglect to destroy the child to secure the insurance"], "although many insure their children's lives and use the proceeds in case of death to provide for funeral expenses." In 1895 the same society, having charged upon the industrial companies the evils of child neglect and murder, were permitted the fullest legislative inquiry, lasting six weeks, proving nothing, and being overwhelmed in the legislative vote. The manager of the Pennsylvania Society has more than once protested against such charges against the business. Dr. Walk, of the Philadelphia Organized Charities, has spoken and written in favor of it.

Moreover, the figures given above are destructive of the charge sometimes made that industrial insurance is done to any considerable extent in the slums or among the very poor. There is no more distinguishing mark of extreme poverty or of the

vice of the slums than high infantile mortality; and the relative low mortality among insured infants proves beyond a doubt that the insurance is taken by those who take the best care of their children, who are the thrifty, the careful and comparatively well-to-do of the working people. And when we compare the tables above with the previous tables of adult mortality, we get a striking confirmation of the words of Dr. James W. Walk to the Pennsylvania Legislature (*italics mine*): "I have never known of an instance in which there was any evidence that children had been *neglected* or murdered for the purpose of securing the insurance upon their lives. Indeed my own observation is that among the poorer classes parents are very fond of their children, and are much more with them than in other social grades. If I were looking for cases of *indifference towards offspring* I should find them more readily at the other end of the social scale, where the immediate care of children is committed to nurses, companions, and tutors."

I was sorry to see that in a former number of the REVIEW (January, 1896,) a consular report from Mr. Chancellor at Havre was reprinted, evidently without investigation. When the report appeared among the Government publications I felt it my duty to investigate it. My correspondence with him is open to any one who wishes to see it. The most eloquent part of it is his sudden silence when pressed for proof. My investigation resulted in finding out (a) that there is no such

thing known in France as industrial insurance; (b) that Mr. Chancellor had no facts to base his report upon; and (c) that his generalizations were made from stale charges made in England alone by one individual, named Waugh, who has led the movement against child insurance, and was the instigator of a government investigation which led to nothing, and, who, we may add, has himself been recently made the subject of attack and investigation.

So we have both positive and negative arguments proving that children are not harmed by insurance. What remains? The cost? Who is so well able to judge of this as those who pay? If it does no harm to the child, upon what different basis does it stand than adult industrial insurance? It takes less money. Like the latter, it originated in a demand from the people, and was not superimposed upon them by the companies. The Prudential of London began the practice, and when it started business it did not insure infants. It found after a while that one agent was doing much better than his fellows. It sent down to investigate and learned that in his canvassing he had found the people refuse insurance upon themselves unless he would take the whole family—children and all. As his company did not insure infants, *he* did, collecting a penny or so a week apiece for them, putting the money in his pocket, and then paying the funeral expenses himself in cases of death among his insured children. This

was the origin of corporate child life insurance. Baernreither mentions as one of the causes of failure of government insurance in England that no children under sixteen were taken; and later they were taken. Child insurance is legitimate, because the people feel the need of protection against death. They abhor pauper burial. Their sentiment of respect for the body of a child is a Christian sentiment, a civilized sentiment; the wish for protection is a sensible, business motive. To call it speculation, because the child is a non-producer, is a misuse of words, a confusion of ideas.

It is said money is wasted on such insurance. Why wasted on children more than adults? The deaths are more numerous. Money is needed for burial in the one case as in the other. The relative cost is greater on account of the higher mortality. But how wasted? Did people save more before the advent of industrial insurance? Mr. Dryden, President of the Newark Prudential, in his address before the Massachusetts Committee, conclusively showed by statistics that contributions to industrial insurance have grown side by side with increase of savings bank deposits. What evidence is there that money not spent for insurance would be saved in other ways? The evidence is to the contrary. Would it not rather go for beer or ribbons or newspapers or fraudulent insurance? What more direct and persistent practical instruction in thrift could there be than the weekly call

of an insurance agent? Dr. Walk said to the Pennsylvania Legislature that the industrial insurance agent was the most successful person he knew in inducing the working people to save. It must be so. There can be no instructor so efficient as the man who has a right to call and does call every week to ask the people to put away small sums for insurance.

Take the city of Newark, New Jersey. In a population of 230,000 the two largest industrial companies have 210,000 policies in force. It is an industrial city. Has anybody ever heard that its industrial population is poverty-stricken, or its infantile health record poor? Is there not on the contrary every sign of thrift among the working people? Can any explanation of this number of policies after so many years' experience be given inconsistent with these propositions: (a) the people want such insurance; (b) they are satisfied with it; (c) it does no harm to the children; (d) it works no hardship upon the adults; (e) it promotes thrift; (f) it is beneficial.¹

In devising infantile insurance tables the purpose of the insurance was kept in view. The benefits increase rapidly year after year for the same premium, owing to the decreasing mortality with increasing age; up to age six the benefits are small because the insurance is for simple burial. The amount of insurance

which might be paid over and above what is paid at these early ages is deferred to ages six to ten, so that the table of benefits rapidly increases after age six. This is in order (a) to discourage lapses, (b) to provide only burial funds at the ages of infantile diseases, (c) to give the larger benefits at ages when the child approaches the producing age, (d) to provide for the heavier expenses of sickness and death at the advanced age, (e) to provide a shorter endowment period at the earlier ages. No higher premium is accepted under age ten than ten cents, and the policies provide that they become void in case the total insurances in all companies exceed the amount purchasable for ten cents. We demand a statement of total insurances in the proofs of death, and, in cases of over-insurance, the excess of premium is returned where the policies are avoided. Figures made up in 1895 show that the insurance of children is used for burial. The average amount paid up to age ten was \$28; up to age thirteen, \$31. Every child's policy now issued by my own company is an endowment policy, increasing in amount each year after age twelve, maturing at from age forty-nine, in case of insurance at age two, by graduated periods to an endowment period of sixty-eight years, in case insurance is taken at age nine. There is, moreover, a twenty-year endowment table for children, ages two to

¹ How industrial life insurance pervades the whole community we have two or three illustrations of. At the St. Louis tornado four hundred persons were killed; the Metropolitan paid sixty-eight policies, ranging from fifteen to seven hundred dollars. Sixty-one policies were paid at Johnstown after the flood in 1889. We have already paid eight, the Prudential seven, and the John Hancock six, claims on the lives of sailors lost on the "Maine."

eleven, of \$50 for each five cents of premium, with liberal death benefits in case of prior decease.

After all, industrial insurance is *family* insurance. Every age from two to seventy is taken. To leave out any age is to destroy not only the symmetry of the business but the purpose of the system. That industrial insurance is family insurance, and not specially child insurance, is conclusively proved by this table:

Ages.	Percentage of Population Census of 1880.	Metropolitan Percentage of Policies in Force.
5 to 17 inclusive.	30.	28.7
1 to 9 "	23.82	21
1 to 14 "	36.21	32
1 to 20 "	47.42	44

People want every member insured. In Canada, where there are large families, we have had to issue a three-cent policy because the people could not afford to insure all at five cents each, and some would not insure any unless they insured all. A three-cent policy, was tried in this country by the Prudential, but the demand for it was small. The system, we say, is a family insurance system, purely burial insurance at the earlier ages, life and even investment insurance at the later ages. To interfere with it, or any part of it, is an invasion of the rights of the people, and the result would be to throw them back upon systems of protection which have proved un-

scientific and unsafe. For insurance the working people will have.

III. Every insurance premium on a safe basis may, for a clearer understanding of its distribution, be divided into three parts: the mortality part; the reserve part¹ (which is to provide a level premium in view of the future higher mortality); and the expense part. If beyond this there be anything saved by a reduction of anticipated mortality and expense, and by gain over statutory interest, this saving becomes a surplus. Death claims can be paid only out of premiums and interest—there is no other source. Keeping this analysis and this fact in mind, let us consider the question of expense—the high cost of industrial insurance—the rate of benefits relative to the premium charged.

The causes of the high expense ratio are these: 1. The necessity of having a paid agency force to collect premiums weekly. Roughly speaking, an agent takes care of 500 policies on the average, representing a weekly premium of \$50. He gets fifteen per cent for collecting. 2. The commission on new business is theoretically low, but relatively high, because of the heavy lapses during the first year of insurance. If there were no lapses the new business commission on an annual basis would be the equivalent of about thirty per cent. The high lapse rate carries this practically up to eighty per cent. The mode of payment is

¹In the Prudential seventy-six per cent; in the Metropolitan eighty-one per cent, and in the Hancock ninety per cent of the gross assets are held for the reserve liability, and from sixteen to twenty per cent of each year's gross premium income is added to the reserve.

designed to keep down the lapse rate. In old line insurance an agent gets a percentage of from sixty-five to ninety per cent of the first annual premium. In industrial insurance, the premium being weekly, a number of times the weekly premium is fixed; and in order to prevent agents from writing, lapsing, and re-writing the same business, the company pays fifteen times the *increase* of the total premium in force over that in force the preceding week—a provision quite necessary to keep down the lapses. The agents are fairly paid, but not overpaid. They are carefully selected and must have references which are looked up, and each of them is bonded. An honest, industrious, intelligent man can make \$12 to \$15 a week. A man with special aptitude for the business and who sticks to it and works hard can make more. We have been subjected to criticism for not paying the agents more. The recent report of the Social Reform Club, while deprecating the relatively high premium charged for industrial in-

surance, sagely suggested that we raise the collecting commission thirty-three and one-third per cent! That is, they advised us to pay twenty per cent instead of fifteen per cent for collecting. In other words, while criticising the expense of the business, they asked the Metropolitan to increase the yearly expense by one million of dollars and the Prudential to add three-quarters of a million of dollars to its expense account! Not content with proposing to add eleven per cent to our expense account by this one item, they actually advised the agents to form a trade union to compel us to do away with charging up lapses to agents—in other words, to take away one of the strongest safeguards we have against the writing of poor business and the wilful lapsing of business that ought to persist. Suppose the agency force struck; the losses would fall on the lapsed policy-holders, not on the company.¹

All this is a fair illustration of the wisdom of the well-meaning critics of industrial insurance who, knowing

¹On this subject of the agents' relations to the companies, the report of the Social Reform Club denounces the companies for maintaining black lists. Three minutes' conversation with an officer of any one of these companies and an inspection of the actual agreement between them would have prevented the statement of such an untruth. There is not and never has been among the companies any such thing as a black list or a white list. The practice of the companies is precisely that of every employer, including ladies who have domestic servants. When a neighbor inquires about an ex-employé truthful answers are given. There is no agreement, express or implied, that an employé discharged from or leaving one company shall not be employed by another, no matter what the cause of the discharge. The actual practice of the companies is exactly the contrary. After learning the truth, the inquirer exercises his own judgment as to whether to employ the applicant. It is a matter of weekly occurrence that ex-employés of one company are taken by another. If a man is discharged, the new company to which he applies frequently employs him either because its judgment differs from that of the company which discharged him, or because it is willing to give the man another chance. The agreement between the companies is that an ex-employé of one company—irrespective of whether his record be bad or good—shall not be employed in the same district in which he had worked for the preceding two years. This is an

nothing of the principles of the business, and having only superficial information about it, seek to reform the methods of the officers who are putting into their work the highest intelligence, the longest experience, the deepest study, the most conscientious effort, the hardest labor night and day. Different methods of paying agents have been and are being tried in different sections of the country. Guaranteed salaries, the first ten weeks' premiums as collected, new business fees coupled with fees on increase—these are some of the plans tried; but none has proved so satisfactory as the one described above. As matter of fact, the agents are fairly paid, not overpaid or underpaid, and are a contented body of men. They can succeed if they are willing to work. The complaints come from those who have made failures of their occupation, mostly through lack of industry. 3. The expense account is high by reason of the necessity of the supervision of the agents in the field and of keeping accounts with each of them at the home office. 4. The home office expense is augmented by the large number of policies for small amounts which are of the essence of

the business. 5. All of the applicants (adult and infantile) are medically examined by two of the three companies, and many of them are by the other. The Metropolitan paid out about \$450,000 to medical examiners in 1897. This expenditure is necessary, and it pays. It keeps out the sick, and thereby reduces the mortality. It prevents the fraud on the company of placing fictitious business. It enables the company to keep a watch on the class of business, for the physicians are instructed to report any proposed risk that is not "a desirable one, because of the pecuniary circumstances, the hygienic surroundings, the mode of living, or the morals of the life proposed. The company does not desire to insure the very poor; to place insurance which is not likely to be kept up; to write a policy upon a life which by reason of unhealthy surroundings, immoral habits, irregular ways of living, has not an equal chance with the others to persist and survive; to get business from people already insured who can not afford the increased premium." As to children, the doctor is asked as to each: "Is it likely to be well taken

agreement made for the sole purpose of preventing the "twisting" of business. In the large-policy companies it constantly happens that an agent leaving one company takes or tries to take all his policy-holders over to another company. This is a gross injustice upon the first company and upon the policy-holder, and is demoralizing to the business generally, frequently disgusting the policy-holder with all insurance. The time will come when these large-policy companies will have a similar agreement to that of the industrial companies. A moment's thought will convince any one that this rule is in the sole interest of decent business, and that its abrogation would work the gravest injustice upon the policy-holders who might be induced to give up policies in one company which had acquired value and privileges by age, for new policies in another company which would at the beginning be in partial benefit and without the value and privileges earned by persistence.

care of; to be properly clothed, housed, and fed according to the best judgment and ability of the parent or guardian; is the home one of industry and thrift; is the insurance a *bona fide* provision against the chances of death, which are common to humanity? If you find the parents drunken or shiftless, or extremely poor, or living in an unhealthy locality or house, reject the application on the life of a child, not because of fear of foul play, for this, in our experience, does not exist in this country, where poverty seems to gather the children closer to the mother's breast, but because such insurance, by its low average of persistence and high average of mortality, can not be a paying business for the company, and can only result in the payment by the average policy-holders of claims on the lives of the under-average." (Section 27, Metropolitan Medical Instruction Book.) May we pause to ask how better we can guard against the "slum business," which is charged against us, than by having, as one company has, 2,300 regular physicians to pass upon the business offered under such instructions as these? May we be pardoned for trusting these educated men rather than the generalizations of well meaning people who find in the slums persons insured, who may have seen better days and be reduced to their position by sickness, misfortune, and bad habits *after* taking the insurance, or who were insured before the companies found the necessity of safe-guarding

the business, and who now are taken care of because of the gross injustice which would be done to them by forcing them out? I think reasonable people will think we have taken proper precautions in the employment of these physicians. But it is a large item of expense. 6. Death claims are prepared by company employés without charge, and paid by the company with the utmost promptness, the Metropolitan paying claims by telegraph the day the papers reach the home office.

We think we have said enough to show that the expense ratio is necessarily high. Baernreither points out in the work from which we have quoted that the friendly societies managed on mutual principles doing a large business requiring officers, agents, etc., (as contradistinguished from the local clubs of 300 to 500 members) show an expense ratio of from thirty to fifty per cent of the gross receipts (p. 288). The Metropolitan expense ratio is less than forty per cent. The taxes alone (which the friendly societies escape) are one per cent. There is no comparison between the thoroughness, care, and safety of management of the industrial corporation and the friendly mutual society. The policy-holder has absolute protection. In view of all these facts we say the expense is not excessive. Certainly the interest of the management is always to keep it down, and, with larger growth and more thorough working of the territory opened, it is certain the expense ratio will be reduced.

IV. One of the least understood

and most misrepresented features of the industrial business is the matter of lapses. It is assumed that because the lapse rate is high the policy-holder loses something and the company gains something. It is easy to show that both assumptions are absolutely unfounded. In the analysis of the premium above given, it was said that part is for mortality and part for expense. It is evident that no part of the premiums received from a lapsed policy-holder can be a source of revenue to the company out of these two items of the premium. The policy-holder's share of the cost of insurance must be met, and the expense of insuring him has been paid. When people speak of the gain from lapses, they mean that the company may turn into its general treasury the reserve on the lapsed policy theretofore held as a liability. A reserve may be defined as that sum of money which, improved at compound interest at a given per cent (four per cent is the present standard), and taking account of future net premiums and future death payments, will meet the face of the policies at maturity. It may also be said to be the difference between a single net premium and the present value of all future net premiums receivable under the policy, being the sum which would purchase the policy from another company. Now it is a fact that in industrial insurance the premiums paid do not make up the expenses paid, and the sum needed for mortality, and leave the reserve until after at least three years, and sometimes the period

is longer. In other words, the company has not the full reserve on hand belonging to these policies. It therefore follows that the lapse of these policies can be no source of gain to the company. The company has not received money enough from the policy-holder within the first three years to pay the policy-holder's share of meeting the mortality and expense, and the statutory reserve. When, therefore, it is shown that, of the business issued on a given date, over seventy per cent is lapsed during the three years next succeeding, it is positively certain that these lapses are a source of loss to the company, and not of gain. As matter of fact, the Metropolitan lost by lapses during the year 1896 the net sum of \$813,000. It is this sum which is alluded to in the preceding paragraph in discussing the heavy expense arising from lapses. It is also true that of these lapses during the first three years more than half occur during the first three months of the policy, and six-sevenths during the first year of the policy. See then what follows: The company is a heavy loser. Can it be said that the policy-holder is a loser? These lapses include death claims—where certainly the policy-holders do not lose; policies paid on for only one week—where obviously the policy-holders do not lose; policies surrendered to take other policies—where likewise there is no loss; policies taken out as acts of friendship to the agent, or on a sudden impulse of thrift, or a sudden resolution to save money, repented of as soon as put

into operation; policies taken out thoughtlessly because the neighbors are taking them out; policies taken out to get a medical examination for nothing. In none of these cases does the policy-holder lose anything, because he gets insurance for four weeks after he ceases to pay premiums. In the Massachusetts Investigation a woman was introduced on the stand and the counsel for the contestants, theatrically drawing from his bag fifteen lapsed Metropolitan policies, scattered them all over the room, and then pointed to the woman and intimated that that was the way this company made money. On examination of the woman it was developed that these policies were taken out and lapsed all within one year, in three separate groups of five policies each on different members of the family; that each time only a few weeks' premiums were paid; that some of the premiums were loaned to her by the agent; that she had four weeks' grace on each set, which, multiplied by three, made a total of twelve weeks' free insurance, or a quarter of a year; and that consequently she had got her insurance exceedingly cheap; that the company had lost the expense of placing the business three times; and that if a death had occurred among any of the five persons insured the company would have been heavily mulcted. This is a sample of what lapses mean in industrial insurance. They mean an absence of loss and the chance of gain for the policy-holder, and a heavy expense for the company. The same policy-holders come in

and go out frequently—coming in when they can afford it, and going out when they can not afford it, and coming back when they can afford it again, and meanwhile getting a lot of free insurance, even lapsing policies on the healthy policy-holders and keeping in force those on the members of the family who have been taken sick since the insurance was effected. When it is considered that an industrial policy-holder has fifty-two opportunities in a year in which to lapse, whereas in the large-policy companies he has only from one to four times, and when it is considered that the lapse ratio of industrial companies includes the policies paid on for only one week, a kind classed as not taken policies by the large policy companies and not usually included in the lapse ratio of those companies, we have no hesitation in saying that a comparison between the two systems is favorable to our business. One industrial company, writing in 1897 the same amount of insurance as the New York Life and the Equitable combined, gained in actual insurance in force over ten million of dollars more than both. In the year 1896 the Equitable canceled as many policies as equal eighty-six per cent of the number issued during the year; similar figures for the Mutual were seventy-six per cent; for the Germania, seventy-nine per cent; for the Manhattan, ninety-nine per cent; and the United States one hundred per cent; for the Washington, eighty-seven per cent; for the Aetna,

seventy-nine per cent; for the Connecticut Mutual, a very old and conservatively managed company, one hundred and four per cent. Certainly the Metropolitan figures of eighty-five per cent compare very favorably with these, and in 1897 the latter's percentage was still better, being seventy-four per cent. The company, by its method of paying the agents, puts upon them the strongest incentive to save lapses. It has published and circulated pamphlets among the insured urging them not to lapse; it prints a bi-monthly paper with a regular edition of about two and a half million copies, with occasional editions in thirteen different languages, circulated among policy-holders and always containing urgent appeals against lapse; the superintendents and assistant superintendents are urged to keep down the lapses, and their method of compensation is based upon a system which charges lapses to them; extra compensation is offered the superintendents and assistant superintendents and agents for keeping business in force; extra compensation is offered superintendents for keeping agents in the service of the company, on the theory that that is the best way to save business from lapsing. In fact, this subject of lapses is being attacked by the officers with all the ingenuity they can command, and all the wisdom experience can furnish them. As time goes on the lapse rate may be expected to diminish. But if any reader knows of any way to prevent it, and to save the companies from

the losses that they now experience by reason of lapses, a fortune awaits him in the office of any large industrial company.

V. Lapsed policy-holders are treated with the utmost liberality. After they have paid for five years, that being the period fixed as one in which the reserve may be saved, they may have paid-up policies. To determine the amount of the paid-up policies the entire reserve is taken, treated as a single premium under our mortality experience, loaded with ten per cent for expenses, and the amount of insurance purchased thereby is given to the policy-holder. The policy-holder, however, is not left to the necessity of taking out paid-up insurance, nor is he left remediless before the expiration of five years. Within a year after lapse the policy-holder may pay up his arrears and be reinstated. After a year has elapsed he may be reinstated without the payment in cash of arrears, the company loaning him the amount of the arrears without interest and taking as security a lien on the policy, to be paid only in case a claim is paid. Instead of taking the original amount of insurance with a lien for unpaid premiums, the lapsed policy-holder has the right to take a new policy at the present age in full immediate benefit. In cases of distress the company makes special arrangements. For instance, in New Bedford, on account of the strike, all the dividends to policy-holders payable during the year are credited at once on their policies in order to keep them

in force; if policy-holders are compelled to lapse on account of the strike and the death of any one of them should occur before the termination of the strike, the policy would be paid just as if it were in force; when the strike is over special arrangements will be made waiving medical examination in case of the old policy-holders. This treatment of policy-holders is not new, but has, on similar lines, been pursued for years. Agents, meanwhile, are taken care of by the company and kept at work, both in justice to themselves and in order to keep the policy-holders on the books of the company.

VI. Lastly, we come to the distribution of the surplus. We have already shown that it no longer goes in any considerable sum to the stockholder. It is now either distributed to the policy-holders or held for their protection. It must be remembered that the companies are under no legal obligation to return any of the surplus to the policy-holders. Neither the contracts called for dividends, nor did the precedents in the business lead the policy-holders to expect them, at least in such proportion as they have received them. Two of the three companies of which we are writing are paying quinquennial dividends equal to ten weeks' premiums, or twenty per cent of the premiums for a year; the third has a different mode of distribution, and we believe now issues policies promising such a distribution, after certain periods, as the management think can be safely divided. But this does not begin to be all. It is

safe to say that none of the three companies could have lived if they had started out with such concessions to policy-holders as they now give. Not only are paid-up policies granted and cash dividends paid, but, in the case of the Metropolitan, all children's policies have been made endowments; the adult policies issued are endowments except in the cases where the applicant insists upon a whole life policy (ninety per cent of all the policies written are now endowments); and these endowment policies carry a guaranteed reversionary dividend (that is, a dividend payable when the policy is paid, either as an endowment at age eighty or as a claim at prior death) amounting each year after the third to ten times the amount of the premium, or twenty per cent of the premiums for a year; they carry a paid-up provision guaranteeing a paid-up policy after the fifth year beginning at age fifteen payable at age eighty, or prior death, for such a proportion of the face of the policy as the number of quarters of years during which premiums have been paid bears to the total number of quarters of years during which premiums are called for by the policy. Benefits under children's policies have been much increased after age six, and these as well as the paid-up provisions and the revival privileges have been made retroactive as to all policies. In 1894 the amount of immediate benefits was largely increased. (Industrial policies are not in full benefit until after the first year, (a) to prevent frauds on the

company and (b) to provide for the initial expenses.) The provisions of the application have been much simplified and in all cases where the application contains a warranty a copy is placed on each policy. A year or two ago the two largest companies put out what is known as a table for Intermediate policies for \$500 each. For a few years the two companies issued even \$500 industrial policies at a reduced premium with a more rigorous medical examination, and they lost thousands of dollars upon the experiment. (So close are industrial premiums calculated that if the premium were reduced one cent a week on each industrial policy it would, if continued, make the companies insolvent in less than five years.) They are now trying another experiment which promises to be successful. These Intermediate policies are based upon industrial mortality with a low loading, and the premiums are for whole life policies not much higher than the proportionate rate for large policies in the old line companies, while for endowment policies (by an actuarial principle which seems a paradox to the layman, which calls for a premium on the *pure* endowment part of the whole premium lower as the mortality is higher) the premium rates are actually somewhat lower than the proportionate amount called for by the old line companies for similar policies in large amounts. Here we have, then, a policy which will enable the industrial worker to escape the necessarily high premium for industrial policies so soon as he can afford to take policies of \$500

each. The premiums are payable yearly, half yearly, or quarterly; the policies are mutual policies, calling for dividends annually after five years if earned, and at least one company keeps a separate classification and set of accounts for these policies so that it may be known if a dividend can be earned and the extent of it. This policy represents an honest effort to meet the desires and needs of *all* the industrial population.

Our purpose, and that which we take to be the purpose of the Editor, will be subserved if this article brings to the worker in philanthropic effort a better understanding of what industrial insurance is, and what the intentions, aims, and ambitions of the management are. It will be gratifying if it shall contribute to a dispassionate view of facts as they are and as they must be dealt with by intelligent workers in the industrial field. Insurance these people will have. Shall it be furnished by scientifically organized companies of wealth, governed by men of conscience, or shall it be left to weak, small, speculative concerns and the expensive and uncertain efforts at co-operation? General attacks upon the industrial companies will do no good, and the harm they may do will fall upon the policy-holders induced to lapse. On the other hand, intelligent and fair co-operation with the industrial companies by those working among the poor will be mutually advantageous. I will point out two practical directions in which this may work.

1. If any charitable worker finds

an individual case of hardship by reason of the policy-holder having fallen on evil times or been ill-treated by an agent, he will confer a favor on the company by communicating the circumstances. Either revival of policy, paid-up policy or cash surrender value, as the circumstances call for, will be granted in proper cases, and severe discipline

inflicted upon any agent offending.

2. Much good can be done by an effort to reduce the sick and death expenses of the insured, so as to save for the survivors as much of the death claim paid as possible.

In both these regards the companies will be glad to co-operate in any reasonable manner.

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